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C O N F I D E N T I A L PANAMA 1413

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SUBJECT: THE SECRETARY'S HOUSTON SPEECH--PANAMANIAN REACTION

SUMMARY: THE SECRETARY'S LATIN AMERICAN POLICY SPEECH, ALTHOUGH REASSURING TO PANAMA'S ASPIRATIONS FOR JURISDICTION OVER AND PARTICIPATION IN THE CANAL, HAS BEEN RECEIVED EDITORIALY WITH CONTROLLED CRITICISM. OF PRINCIPAL INTEREST--AND THE TARGET FOR MOST CONCERN--WAS THE REFERENCE TO AN "EXTENDED PERIOD" OF U.S. OPERATION AND DEFENSE OF THE CANAL UNDER A NEW TREATY. WHILE SENIOR GOP OFFICIALS HAVE NOT COMMENTED, A FOREIGN MINISTRY OFFICIAL HAS TAKEN EXCEPTION, PUBLICLY, TO THE VALIDITY OF THE STATEMENT OF U.S. INTERESTS IN PANAMA. END SUMMARY

1. SECRETARY KISSINGER'S HOUSTON SPEECH WAS ACCORDED EXTENSIVE MEDIA COVERAGE AND HAS EVOKED CONSIDERABLE COMMENTARY. EDITORIAL ANALYSIS OF THE SPEECH HAS TENDED TO BE ON TWO LEVELS, THE MORE GENERAL DIRECTED TOWARD ITS IMPLICATIONS IN TERMS OF THE "NEW DIALOGUE", AND THE MORE SPECIFIC FOCUSSED ON THE PORTION DEALING WITH THE CANAL TREATY NEGOTIATIONS. WHILE COMMENTATORS FOUND

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BOTH POSITIVE AND NEGATIVE FEATURES IN ITS REFERENCES

TO THE PANAMA PROBLEM, THE PRINCIPAL EDITORIAL TO ADDRESS THE OVERALL POLICY THRUST OF THE SPEECH JUDGED IT "CONTRADICTORY AND CONFLICTING".

2. IN ITS FEATURE EDITORIAL MARCH 4, THE GOP CONTROLLED MATUTINO, CITING PANAMA'S OBLIGATIONS TO LATIN AND THIRD WORLD SOLIDARITY, CRITICIZED THE SECRETARY FOR CONSIDERING AS A TENDENCY TOWARD CONFRONTATION "JUST CLAIMS A DEFENSE OF NATURAL RESOURCES" AND THE LATIN CENSURE OF THE TRADE ACT FOR ITS "OBVIOUS MECHANISMS OF REPRISAL, COERCION AND LACK OF UNDERSTANDING OF THE NEW ECONOMIC ORDER THAT THE LATIN AMERICAN NATIONS ARE SEEKING TO CONVERT INTO A REALITY." OBSERVING THAT SINCE ITS INTRODUCTION THE NEW DIALOGUE HAS BEEN VIEWED WITH SUSPICION, MATUTINO OPINED THAT THE ONLY THING THE HOUSTON SPEECH HAD MADE CLEAR WAS THAT THE NEW DIALOGUE CONTINUED TO "ZIG-ZAG" BETWEEN CONTRADICTORY POSITIONS. WHILE ADVOCATING GREATER UNDERSTANDING AND COOPERATION, SAID MATUTINO, ITS CONSTANT INGREDIENT IS U.S. "INTIMIDATION, COERCION, AND PREDOMINANCE." WRITING ALONG SIMILAR LINES, BUT MUCH HARSHER IN TONE, EL PANAMA AMERICA COLUMNIST RAMON JURADO--IN A SERIES OF ARTICLES MARCH 6, 7 AND 10--SHARPLY QUESTIONED THE SECRETARY'S BASIC POLICY ASSUMPTIONS, CRITICIZED THE "DISTORTED" U.S. VIEW OF LATIN AMERICA HE SAW REFLECTED IN THE SPEECH, AND WARNED OF ITS THREATENING IMPLICATIONS.

3. COMMENTARY ON THE PANAMA PORTION OF THE SPEECH WAS, AS COULD BE EXPECTED, MORE EXTENSIVE AND STUDIED. CRITICA, IN ITS FEATURE EDITORIAL MARCH 3, FOUND THE SECRETARY'S STATEMENTS REGARDING PANAMA'S EXERCISE OF SOVEREIGNTY OVER THE CANAL AND PARTICIPATION IN CANAL OPERATIONS TO BE POSITIVE WHILE MATUTINO, ALSO ON MARCH 3, CAUTIONED PANAMANIAN AGAINST ALLOWING FAVORABLE STATEMENTS BY U.S. OFFICIALS, INCLUDING SPECIFICALLY THE SECRETARY, TO EXCESSIVELY RAISE THEIR IMMEDIATE EXPECTATIONS. WHILE PLEASED WITH THE REAFFIRMATION OF BASIC PANAMANIAN ASPIRATIONS, THE CRITICA EDITORIAL--AND OTHERS--WENT ON TO WORRY OVER THE POSSIBLE IMPLICATIONS OF THE SECRETARY'S STATEMENT OF U.S. REQUIREMENTS UNDER A NEW TREATY, ESPECIALLY THE QUESTION OF DURATION. CRITICA TOOK ISSUE WITH THE ASSERTION THAT A NEW

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TREATY MUST BE FOR AN "EXTENDED PERIOD OF TIME" AND WARNED THAT THE DURATION OF A NEW AGREEMENT COULD NOT EXCEED 25 YEARS. COLUMNIST RICARDO LINCE, IN MATUTINO MARCH 6, STATED THAT "WHAT DR. KISSINGER WANTED TO TELL PANAMA..WAS THAT CONTROL OF THE ADMINISTRATION AND MILITARY BASES WILL CONTINUE FOR A LENGTHY PERIOD..THE ONLY THING THAT DISAPPEARS IS THE PERPETUITY CLAUSE." OBSERVING THAT "NEVER HAS KISSINGER SPOKEN WITH SO MUCH FRANKNESS," LINCE ALSO OPINED THAT WHEN THE SECRETARY MAIN-

TAINED THAT A NEW TREATY MUST PROTECT THE "LEGITIMATE INTERESTS" OF U.S. CITIZENS AND PROPERTY IN PANAMA, HE UNDOUBTEDLY MEANT U.S. TRANSNATIONAL COMPANIES AS WELL.

4. WHILE SENIOR GOP OFFICIALS HAVE NOT PUBLICLY COMMENTED ON THE SECRETARY'S SPEECH, FOREIGN MINISTRY POLITICAL ADVISOR JULIO YAU-IN AN INTERVIEW PUBLISHED MARCH 8- TOOK STRONG EXCEPTION TO THE SECRETARY'S DESCRIPTION OF U.S. INTERESTS IN THE CANAL. STATING THAT PANAMA REJECTED THE NOTION, INHERENT IN THE SECRETARY'S REMARK, THAT THE SECURITY OF THE WATERWAY DEPENDED ON CONTINUED U.S. CONTROL, YAU OBSERVED THAT PANAMA FOUND UNACCEPTABLE THE IMPLICATION THAT PANAMANIAN CONTROL WOULD RESULT IN THE INSECURE DEFENSE AND INEFFICIENT OPERATION OF THE CANAL. ALTHOUGH ACKNOWLEDGING THAT THE CANAL HAS ECONOMIC AND MILITARY IMPORTANCE FOR THE U.S., YAU MAINTAINED THAT THESE INTERESTS CANNOT BE PERMITTED TO CONDEMN PANAMA TO SUBORDINATION TO AND EXPLOITATION BY THE U.S. "VITAL INTERESTS", HE SAID, HAVE ALWAYS MEANT TO THE U.S. THE IDEA OF PERPETUITY OR A PROLONGED U.S. PRESENCE. ASSERTING THAT THE CANAL MUST NO LONGER BE TIED TO THE U. S. ECONOMIC AND DEFENSE SYSTEM, YAU REPORTEDLY STATED THAT PANAMA'S POSITION WAS THAT THE SECRETARY'S STATEMENT "THAT A NEW TREATY MUST PROVIDE FOR THE OPERATION AND DEFENSE OF THE CANAL FOR AN EXTENDED PERIOD OF TIME "WAS IN CONFLICT WITH PANAMA'S ASPIRATIONS, AND WITH THE U.S. PLEDGE TO NEGOTIATE A TREATY WHICH WOULD ELIMINATE THE CAUSES OF CONFLICT BETWEEN THE TWO COUNTRIES.

5. COMMENT: WHILE THE GOP IS FULLY AWARE OF--AND PREPARED TO ACCOMMODATE--LEGITIMATE U.S. INTERESTS AS STATED IN THE SECRETARY'S SPEECH, IT IS DIFFICULT FOR TORRIJOS TO PUBLICLY ACKNOWLEDGE IT WITHOUT THE CONFIDENTIAL

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BENEFIT OF BEING ABLE AT THE SAME TIME TO SPECIFICALLY POINT TO THE ADVANTAGES FOR PANAMA OF A NEW TREATY. THIS HE HAS STATED HE WILL NOT DO UNTIL A TREATY IS COMPLETED. FROM THIS PERSPECTIVE, THEREFORE, THE HOUSTON SPEECH PUT THE GOP IN AN UNCOMFORTABLE POSITION. IT IS PERHAPS SOMEWHAT MORE UNCOMFORTABLE IN THAT THE QUESTION OF DURATION HAS NOT YET BEEN DISCUSSED. IT APPEARS THAT YAU'S INTERVIEW HAS BEEN USED TO REASSERT, FOR THE RECORD, PANAMA'S CONCEPTUAL POSITION AND PRECLUDE THE IMPRESSION, THROUGH SILENCE, THAT THE GOP HAD NO PROBLEMS WITH THE DURATION QUESTIONS WHICH FOR PANAMANIAN THE SPEECH RAISED BUT LEFT UNANSWERED.

JORDEN

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